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World Production and Trade

United States
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Weekly
Roundup

WR 13-84

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

Despite a strong complaint from the United States, the EUROPEAN COMMUNITY (EC) has decided to sell 750,000 tons of denatured bread wheat currently held in intervention stocks on the export market as feed wheat. Pending formal approval, the Community reportedly also will open an export tender in two or three weeks for 250,000 tons of denatured wheat from the free market. This expansion in subsidized wheat exports will aggravate the existing oversupply situation on the world wheat market and also will displace feed grain export sales by the United States and other exporters. According to the Community, exports of denatured wheat for feeding will be in addition to the self-imposed ceiling of 13 million tons on commercial exports of bread wheat and flour.

Additional quantities of denatured wheat might be exported later, depending on the success of the Community's current program to sell wheat into the domestic feed market. Other considerations, however, might be the additional disposal problems associated with another impending bumper wheat harvest as well as the good prospects for a larger barley harvest than in 1983, which would mean reduced domestic demand for wheat in feed rations.

In the EUROPEAN COMMUNITY, the present wheat-for-feed program aimed at subsidizing the sale of 2 million tons of breadmaking wheat from intervention stocks for use in animal feed is going slowly, with only 800,000 tons sold despite the program's extension through March. Intervention wheat sales prices, as limited by regulation, are uncompetitive compared with low free market prices that are depressed by the Community's large wheat surplus.

In ZIMBABWE, the Ministry of State for Water Resources and Development (MSIPA) recently announced that because of low water levels in reservoirs, it will be necessary to curtail water for irrigation so that urban water supplies can be assured. The irrigated wheat area may be cut in half, reducing production and increasing import requirements for 1984/85 to as much as 150,000 tons. Zimbabwe imported an average of about 50,000 tons in each of the past two years.

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OILSEEDS AND PRODUCTS

In MALAYSIA, the Kuala Lumpur Commodity Exchange suspended trading in palm oi futures between March 14 and 22 after six companies defaulted on 5,600 contracts representing 140,000 tons of palm oil. The Malaysian government has established an investigative tribunal to examine allegations of misconduct against the Exchange, its management board and the Kuala Lumpur Commodities Clearing House. The investigation is intended to protect the interests of people trading in commodity futures through the defaulting firms and will be aimed at determining whether there was any manipulation of the market.

FISHMEAL EXPORTERS ORGANIZATION (FEO) countries' output and trade of fishmeal continued to decline in January 1984. Production, exports and stocks in January fell 47, 52 and 9 percent, respectively. Data are as follows in 1,000 tons:

Country	-----January 1983-----			-----January 1984-----		
	Production	Exports	Ending Stocks	Production	Exports	Ending Stocks
Chile	26	65	106	14	19	112
Iceland	2	4	3	2	10	10
Norway	28	14	57	12	8	60
Peru	43	37	96	24	21	57
Total	99	120	262	52	58	239

During early March, fishmeal prices, basis Europe, at about \$428 per ton, were only 6 percent above the same month last year. Despite reduced fishmeal supplies, the fishmeal/soybean meal price ratio declined to 1.70 to 1.0 compared with 1.77 to 1.0 a year ago.

DAIRY, LIVESTOCK AND POULTRY

ARGENTINE beef production declined 5 percent in 1983, totaling 2.44 million tons, according to the U.S. agricultural attache in Buenos Aires. Falling domestic cattle prices, producer uncertainty regarding new government policies and a depressed export market reduced production incentives. Above-normal animal death losses also contributed to the production decline.

In 1984, no significant production change is expected. Animal numbers, earlier projected to increase in 1983 and 1984, now are expected to remain unchanged from beginning 1983 inventories.

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In SPAIN, broiler and egg production declined in 1983 as producers adjusted to sharply rising feed costs. Broiler production, at 810,000 tons, was 5 percent below the 1982 level, while egg production was down less than 1 percent to 12.3 billion. Both sectors are forecast to realize small production increases in 1984.

Prices in 1983 for commercially prepared feeds for poultry rose 35 to 40 percent above 1982 levels due to higher international prices for corn and soybeans and significant depreciation of the Spanish currency relative to the U.S. dollar. The broiler industry suffered relatively more than the egg industry because feed as a percentage of total production costs is higher for broilers (83 percent) than for eggs (72 percent). In addition, competition from larger pork supplies facilitated a shift in demand away from broilers while egg usage increased slightly during the year despite higher prices.

COTTON AND FIBERS

CHINESE officials are stepping up their efforts to export cotton. Trade sources report that efforts are being made to prepare and bale cotton to meet international specifications. China may already be providing as much as one-third (about 300,000 bales) of Hong Kong's cotton needs. Modest purchases of Chinese cotton have also been made by several other Asian countries including Japan, South Korea and Thailand. In addition, China has included cotton as an item in the annual trade agreements with East European countries.

TOBACCO

The UNITED KINGDOM's 1984 budget calls for sharp increases in tobacco taxes. The excise on cigarettes will go up by 8.7 pence per pack, while the amount charged for value-added tax (VAT) will rise by 1.3 pence. The higher tax pushes the recommended retail price of a pack of 20 king-size cigarettes up by 9 percent to 120 pence (\$1.75). The taxes on cigars and smoking tobacco will go up by 15 percent per kilogram. The higher taxes will almost certainly result in a further decline in consumption.

Selected International Prices

Item	: March 27, 1984	: Change from	: A year
	:	: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWS-13.5%12/	206.50	5.62	+9.50
U.S. No. 2 DNS/NS: 14%.12/	183.00	4.98	+4.50
U.S. No. 2 S.R.W.....	170.00	4.63	+9.50
U.S. No. 3 H.A.D.12/.....	193.00	5.25	-0-
Canadian No. 1 A: Durum.12/	206.50	5.62	-.50
Feed grains:			
U.S. No. 3 Yellow Corn....	166.00	4.22	+4.00
Soybeans and meal:			
U.S. No. 2 Yellow.....	322.50	8.78	+5.70
Brazil 47/48% SoyaPellets 4/	235.00	--	-4.50
U.S. 44% Soybean Meal.....	230.50	--	-.50
U.S. FARM PRICES 5/			
Wheat.....	129.69	3.53	+2.94
Barley.....	104.72	2.28	+.46
Corn.....	135.83	3.45	+3.94
Sorghum.....	114.42	5.19 4/	+3.09
Broilers 7/.....	1333.07	--	-57.99
EC IMPORT LEVIES			
Wheat 8/.....	75.15	2.05	-4.20
Barley.....	70.75	1.54	+2.85
Corn.....	49.70	1.26	-5.70
Sorghum.....	76.00	1.93	+8.60
Broilers 7/ 9/ 11/.....	173.00	--	N.Q.
EC INTERVENTION PRICES 10/			
Common wheat(feed quality)	182.75	4.97	-.20
Bread wheat (min. quality)10/	199.00	5.41	-.25
Barley and all			
other feed grains.....	182.75	--	-.20
Broilers 7/ 9/.....	1226.00	--	-3.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	37.15	1.01	-3.35
Barley.....	36.70	.80	-.85
Broilers 7/ 9/ 11/.....	136.00	--	N.Q.

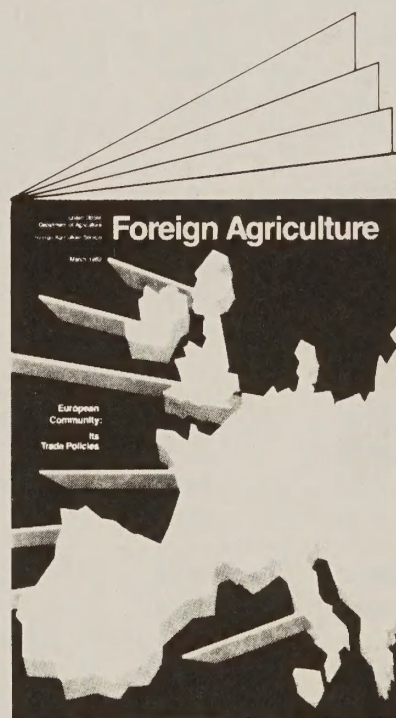
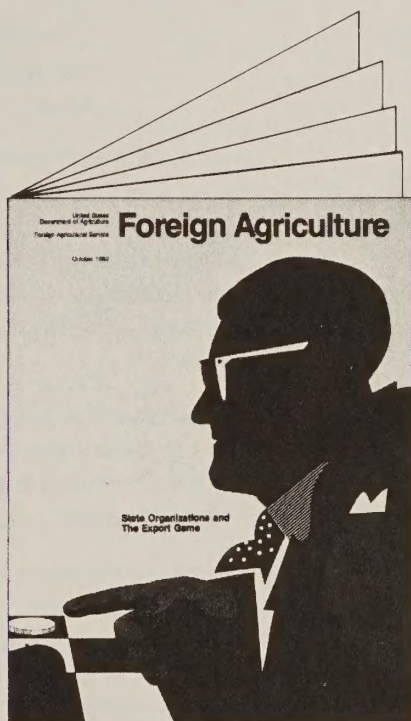
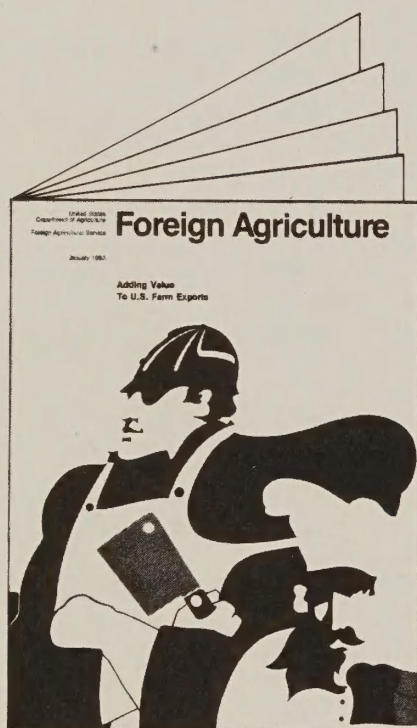
1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine. 3/ Based on selected major markets and adjusted to reflect farm prices more closely. 4/ Hundredweight (CWT). 5/ Twelve-city average, wholesale weighted average. 6/ Durum has a special levy. 7/ EC category--70 percent whole chicken. 8/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 14 Sept 83 from 22.50 ECU/100 bag set in Feb 1983. 9/ F.o.b. price for R.T.C. broilers at West German border. 10/ Reference price. 11/Reflects exchange rate change and not level set by EC. 12/ April-May shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis April delivery.

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